

General Information Letter: Proper licensing is required under the Charitable Games Act to conduct a "Texas Hold'em Tournament" described in the request.

February 28, 2007

Dear:

This is in response to your January 25, 2007 letter addressed to Ms. Z who has forwarded your letter to me for a response. Your letter states the following:

On behalf of the International ASSOCIATION (ASSOCIATION) Illinois Chapter, thank you for allowing us to host our event at your facility on April 12, 2007. I understand that the club has some concerns because it is being promoted as a "Texas Hold'em Tournament" but perhaps we need to clarify what will truly transpire.

- ?? Attendees will be required to register in advance. All registration fees will be collected by my office, COMPANY, Inc., a professional association management company that is hired by the ASSOCIATION.
- ?? The monies collected for the admission fees will go directly to the ASSOCIATION National Foundation – a 501C(3) charity.
- ?? Corporate Sponsorships will be secured to cover all other costs (e.g., my support time, facility charges, food and beverage, etc.).
- ?? At NO TIME will cash be exchanged during the event. Each attendee will be awarded a pre-assigned amount of chips; the various colors of the chips will have a point value; at the end of two rounds of play, the person with the most points "wins".
- ?? Dealers at each table are all volunteers; no professionals are being hired or paid to assist in this charitable effort.
- ?? Prizes will also be donated and may include (but not yet confirmed) a travel voucher, a free membership to the association – again, prizes have not yet been finalized. No prizes will be a cash reward.
- ?? We will provide each attendee 2 drink tickets; after that point, a cash bar would be made available as our goal is not to encourage a large "drinking party" but professional networking and fun at the same time.

In short, it is not a casino night or something that involves gambling with cash being exchanged. As an association management company, I have worked with other groups on these types of events and we have not been required to secure a license. We respect the sensitivity and concerns the Club has but you can be assured that this event is truly a charity event and no cash will be exchanged. If you like, we can gladly supply you with our marketing materials and a final report at the end of the day of our income, expenses and final donation to the ASSOCIATION Foundation.

According to the Department of Revenue ("Department") regulations, the Department may issue only two types of letter rulings: Private Letter Rulings ("PLR") and General Information Letters ("GIL"). The regulations explaining these two types of rulings issued by the Department can be found in 2 Ill. Adm. Code §1200, or on the website <http://www.tax.illinois.gov/LegalInformation/regs/part1200>.

Due to the nature of your inquiry and the information presented in your letter, we are required to

respond with a GIL. GILs are designed to provide background information on specific topics. GILs, however, are not binding on the Department.

The event you describe in your letter is considered a "charitable games event," and all such events must comply with the Illinois Charitable Games Act, 230 ILCS 30/1 *et seq.* For this to be a legal event, there must be a sponsoring organization as is defined in 230 ILCS 30/2: "a qualified organization that has obtained a license to conduct a charitable games event in conformance with the provisions of this Act." Because your letter states that the ASSOCIATION National Foundation is a federal 501(c)(3) charity, they are considered a "qualified organization." However, your letter does not indicate that they or any other qualified organization are "licensed" to conduct the April 12, 2007 event. Your letter also fails to mention whether the Union League has a "providers' license" that would authorize them to provide their premises for the conduct of a charitable games event.

Because your letter fails to indicate that the proper licenses have been obtained, please note that the event you describe is a form of gambling (prizes will be handed out in exchange for chips) and unless there is specific compliance under 230 ILCS 30/1 *et seq.*, such gambling will be considered illegal. 720 ILCS 5/28 *et seq.* For information about obtaining a sponsor and/or providers' license(s), please see the Illinois Department of Revenue Regulations, 86 Il.Admin.Code 435 or contact our Charitable Gaming Division at (217) 524-4164.

As stated above, this is a general information letter which does not constitute a statement of policy that either applies, interprets or prescribes tax law. It is not binding on the Department. Should you have additional questions, please do not hesitate to contact our office.

Sincerely,

Heidi Scott
Staff Attorney -- Income Tax